

November 4, 2008

Ms. Waverly Seward
Manager of Retirement
Shelby County Government
160 North Main Street, Suite 950
Memphis, TN 38103

Confidential

Subject: Shelby County Government Retirement System - Plan B

Dear Waverly:

You have asked Mercer to determine the actuarial impact of the proposed Resolution to grant a one-time cost-of-living bonus to certain Plan B retirees. The distribution from the plan assets, which will be made prior to November 30, 2008, will not exceed \$350,000.

Based on the maximum distribution of \$350,000 and assuming plan assets earn 8.25% per year, the assets on July 1, 2009 will be approximately \$367,000 lower than expected. This amount will be amortized over 14 years for a total increase in the County contribution requirement of \$45,164 per year. This amount is not material when compared with the \$18.8 million contribution that the County is currently contributing.

This analysis is based on the data, assumptions, methods and plan provisions described in the July 1, 2007 actuarial valuation report.

Please note that I meet the qualification standard of the American Academy of Actuaries to render the actuarial opinion contained in this letter.

If we can provide additional information, please let me know.

Sincerely,



Karen W. Buckner, A.S.A., F.C.A.

The information contained in this document (including any attachments) is not intended by Mercer to be used, and it cannot be used, for the purpose of avoiding penalties under the Internal Revenue Code that may be imposed on the taxpayer.

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